



# INDUSTRY CIRCULAR

DEPARTMENT OF  
THE TREASURY

Bureau of Alcohol, Tobacco and Firearms

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## 1980 TRADE CONSULTATIONS WITH THE EUROPEAN COMMUNITIES

Proprietors of Bonded Wine Cellars, Distilled Spirits  
Plants, Wholesale Liquor Dealers, Importers, Brewers  
and Others Concerned.

Purpose. The Bureau is issuing this circular to  
advise industry members of recent changes in European  
Economic Community (EEC) regulations which substan-  
tially improve export opportunities for United States  
producers.

Background. In 1974, the United States and the  
European Economic Community implemented consultations  
for the purpose of seeking ways to harmonize their  
respective regulatory systems.

The need for consultation became evident when  
the European Communities established a Common  
Agricultural Policy (CAP) for wine. This policy  
addressed many areas of mutual concern for the  
member states and contained, as a key element,  
the requirement that wines from third-countries  
(non-members) meet the same regulatory standards  
as EEC wines.

The areas of greatest significance to the U.S.  
wine industry were those relating to labeling and  
winemaking (enological) practices. For example,  
the EEC required imported wines to be accompanied  
by a document of laboratory analysis for each  
shipment of wine. This document further required  
certification that no enological practices other  
than those approved in the EEC were used in producing  
the wine. With respect to labeling, the EEC required  
that any geographical appellations other than a  
country be officially listed in their regulations  
before being authorized to appear on labels of wines  
entering the EEC. The same requirement applied to  
varietal designations.

Past consultations with the EEC were valuable and enabled U.S.-EEC trade to continue by gaining official EEC recognition of U.S. labeling provisions (usually on non-controversial matters), and by gaining exemptions (derogations) from EEC requirements. Over the past year, however, the team of U.S. representatives, headed by ATF, focused on trying to permanently resolve the remaining controversial issues detrimental to efforts to harmonize regulatory requirements. The U.S. team aggressively approached the 1980 spring consultations, concentrating on EEC labeling regulations, standards and official listings.

As a result of U.S. efforts, substantial gains were made in the last year. The specific U.S. labeling provisions the EEC now accepts are referenced in Commission Regulation (EEC) No. 2164/80 of 8 August 1980 amending Regulation EEC No. 1608/76. These provisions are outlined below.

Revised EEC Regulations.

1. The EEC requires imported wine labels to bear certain mandatory information including country of origin (e.g., Product of USA), the nominal volume (net contents) and importer or consignor information. In the past, EEC regulations only permitted the importer or consignor information to be shown on an "additional" (i.e., strip) label. As a result of our consultations, now not only the importer or consignor information but also the country of origin and the net contents may be shown on a strip label provided this label is placed in the same field of vision as the other mandatory information.
2. As explained above, the EEC does not permit labels to reference appellations or varieties unless they are authorized by EEC regulations. The Community agreed to add 204 additional U.S.

appellations and 20 additional varietal designations to the official lists. EEC regulations now include 257 U.S. appellations of origin and 164 varietals (including French Colombard which, like some of the appellations and other varietal names, required considerable U.S.-EEC discussion before final acceptance).

3. The EEC has officially recognized U.S. percentage standards for appellations and will now allow wines imported from the United States on or after January 1, 1983, to be described by reference to the name of a state or county if 75% of the wine is obtained from the appellation named. Further, wines may be described by reference to a viticultural area, as established in U.S. regulations, if 85% of the wine is obtained from grapes harvested in that viticultural area. The EEC regulations also recognize U.S. multi-state and multi-county designations as established in U.S. regulations. Any appellation used, however, must be officially listed by the EEC.
4. The EEC will now allow U.S. wines to be described by the names of two varietals provided the wines are obtained entirely from the varietals indicated, and, on or after January 1, 1983, they will allow U.S. wines to bear the name of a varietal if 75% of the wine is obtained from grapes of the named varietal provided that the varietal determines the character of the wine. The varietal designation used must, however, be detailed in the official listing maintained by the EEC.
5. Finally, the EEC will now permit wines imported from the U.S. to bear an indication of the vintage year provided not less than 95% of the wine is obtained from grapes harvested in the year indicated.

Enological Practices. Although these agreements affecting marketing practices will have a major long-term impact on shipments of U.S. wines to the EEC, resolution of the second significant area (e.g., enological practices) affecting U.S. industry members requires a continuing and demanding U.S. effort. As noted above, the EEC requires imported wines to be accompanied by an official document (VI-1) certifying that enological treatments prohibited in the EEC were not used in producing the wine. Since U.S. enological regulations and standards are different in many respects from those of the EEC, 100% compliance with EEC requirements would be difficult if not impossible in most instances. Therefore, a certification that some wine had not been subjected to processes prohibited by the EEC would also be difficult if not impossible.

As a result of earlier consultations, the EEC granted the U.S. a limited exemption from their certification requirement. The exemption applies to U.S. imports up to 1,000 hectoliters annually. In addition, the EEC incorporated a provision into their regulations whereby the enological practices of a third-country such as the United States could be officially recognized provided the enological practices of that country were, if not identical, at least comparable to their own. This EEC provision makes it possible for U.S. winemaking practices to be officially recognized as comparable, thereby eliminating the need for the EEC's temporary exemption which could easily be withdrawn at any time. However, currently, there are substantial differences in the two sets of standards and practices, and achievement of "comparability" may not be possible without some regulatory change. A U.S.-EEC technical working group has been formed with a prime objective of resolving enological practices by identifying differences in our systems. Industry input to assist us in identifying these enological practices is welcome.

Other Matters.

Like the United States, the Community requires all imported products to be labeled with its country of origin (i.e., Product of the U.S.A.). State identifications, particularly if abbreviated, are not sufficient. The EEC's authorization of strip labels for mandatory information will make it easier for U.S. producers to meet this requirement. In addition, U.S. producers should understand that Community Customs inspectors do not always know or recognize U.S. state abbreviations (e.g., CA, NY, VA). Therefore, U.S. producers should spell out the state name when providing other mandatory information (e.g., bottler's address).

U.S. exporters should also note that as of September 1, 1980, the Community no longer requires the small "e" to appear with the statement of nominal volume as they had in the past.

Although during the 1980 consultations the Community accepted the concept of developing and adopting an international label for wine, the Commission indicated it could not, at this time, concentrate on this issue. The Commission stated that no member states had expressed an interest in the concept and, therefore, the Commission would have to give a higher priority to other issues raised by the members. We have tried to encourage member states to propose international labeling standards to the Commission, but, in general, the member states indicate they are reluctant to pursue this without strong industry support. We are convinced that the development of international labels could greatly facilitate international wine trade. We will continue to press the issue with the Commission and the member states, but it is clear that the European industry must be encouraged to express its support and interest in this proposal if the proposal is to succeed.

Discussions on the enological issues, the remaining labeling issues and other matters are continuing. We are trying to find ways of accommodation on foreign wine problems, as is the EEC, without creating serious difficulties for either wine industry. As these discussions proceed, we fully intend to continue our efforts to insure U.S. wines are afforded fair and equal access to EEC markets. In this regard, we are encouraged by the cooperative attitude which has been demonstrated by the EEC authorities and are pleased with the progress which has been achieved thus far. In the interim, we encourage U.S. producers and exporters to contact ATF concerning specific foreign regulatory provisions which are viewed as potential problems. Our awareness of specific problems with particular countries (including resolution, if any) will help in future consultations. We also encourage U.S. producers and exporters to contact ATF concerning immediate shipments which are being denied entry into EEC markets because of technicalities of foreign regulations. ATF stands ready to assist U.S. producers and exporters in resolving technical regulatory obstacles whenever possible.

Inquiries. Any inquiries regarding this circular should refer to its number and be addressed to the Assistant Director, Regulatory Enforcement, Bureau of Alcohol, Tobacco and Firearms, 1200 Pennsylvania Avenue, NW., Washington, DC 20226.

*A. R. Bohannon*

Director

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Bureau of Alcohol, Tobacco and Firearms  
Washington, D.C. 20226

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